Anhui Jinyan Kaolin New Materials Co., Ltd.
Rules of Procedures of the Audit and Risk Committee

Chapter 1 General Provisions

Article 1 In order to strengthen the decision-making function of the board of directors of Anhui Jinyan Kaolin New Materials Co., Ltd. (hereinafter referred to as the "Company"), further improve the Company's risk identification and risk prevention ability, achieve effective supervision over the Company's financial revenue and expenditure and various business activities, the Company has specifically established the Audit and Risk Committee and formulated these Rules of Procedures in accordance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules"), Appendix C1 to the Listing Rules (hereinafter referred to as the "Corporate Governance Code"), the Stock Exchange of Hong Kong Limited (hereinafter referred to as the Stock Exchange), the regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed and the relevant provisions of the Articles of Association of Anhui Jinyan Kaolin New Materials Co., Ltd. (hereinafter referred to as the "Articles of Association").

Article 2 The Audit and Risk Committee and its Members shall conscientiously fulfill the requirements of laws, regulations, the Listing Rules, the Articles of Association and these Rules.

Chapter 2 Composition of the Audit and Risk Committee

Article 3 The Audit and Risk Committee shall be accountable to the Board, and all Members of the Audit and Risk Committee shall be non-executive Directors and it shall consist of at least three Members. The majority of its Members shall be independent non-executive Directors.

Partners of the existing external audit firm appointed by the Company shall be prohibited from acting as a Member of the Committee for a period of two years from the date of the person ceasing to be a partner of the external audit firm or to have any financial interest in the external audit firm, whichever is later.

Article 4 Members of the Audit and Risk Committee (hereinafter referred to as the "Member(s)") shall be nominated by the chairman of the Board, or above one-third of all Directors or above one-half of the independent non-executive Directors, and shall be elected by a majority vote by the members of the Board. After the proposal of electing Members of the Committee has been approved, the new Members of the Committee shall take offices immediately after the meeting of the Board.

Article 5 The Audit and Risk Committee shall have one convener (i.e. chairman of the Committee), who shall be acted by an independent non-executive Director and the independent non-executive director shall possess the appropriate professional qualifications, or the appropriate accounting or related financial management expertise as required by the relevant regulatory rules of the securities regulatory authorities and the stock exchange where the Company's shares are listed. The chairman of the Committee shall be elected or dismissed within the Audit and Risk Committee and submitted to the Board for approval.

Article 6 The term of office of the Member of the Audit and Risk Committee shall be the same as that of the Board for the same session. A Member may serve consecutive terms if re-elected upon expiry of his/her term. During his/her term of office, if any Member ceases to be a Director of the Company or if any Member who is supposed to be an independent non-executive Director no longer possesses the independence as prescribed in the Company Law, the Articles of Association, the Measures for the Administration of Independent Directors of Listed Companies and the Listing Rules, his/her membership in the Committee shall lapse automatically.

Chapter 3 The Duties and Responsibilities of the Audit and Risk Committee

Article 7 The duties and responsibilities of the Audit and Risk Committee are:

(1) to propose the appointment or replacement of the external audit firm, and supervise and assess the work of the external audit firm; approve the remuneration and terms of engagement of the external audit firm, deal with all matters of the resignation or dismissal of the external audit firm. Where the Company engages, reappoints or replaces its external auditing firm, the Audit and Risk Committee shall form a review opinion and recommend it to the board of directors as a prelude for the latter's consideration and review;

(2) to review and monitor the independence and objectiveness of the external audit firm and the effectiveness of its audit procedures in accordance with applicable standards; the Audit and Risk Committee shall discuss with the external audit firm the nature, scope, and reporting obligations before the audit commences; in assessing the independence of the external audit firm, to consider all relationships (including non-audit services) between the Company and the auditing firm and to obtain from the external audit firm its policies and procedures on annual basis for maintaining its independence so as to monitor its compliance (including rotation of audit partners and members) and to communicate with the auditors on their audit fees, issues identified during the audit and other matters they wish to communicate at least once a year in the absence of management;

(3) to develop and implement policy on engaging an external audit firm for non-audit services. For this purpose, an "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. When assessing the non-audit services provided by an external auditor, the Company shall consider the appropriateness of the auditor's qualifications and capabilities, the impact of the services on the independence and objectivity of the auditor, the details and fees of the services and the significance of the services to the auditor, and the remuneration of relevant individuals. The audit committee shall report and make recommendations to the board of directors on actions to be taken or improvements shall be made;

(4) to guide and supervise internal audit work and its implementation;

(5) to facilitate the communication between the management, the internal audit department (including the relevant departments responsible for risk management) and relevant departments and the external audit firm;

(6) to review the Company's financial information and its disclosure, and to review and issue opinions (including completeness, accuracy and fairness) on the financial reports of the Company;

(7) to review the Company's accounting policies, financial position, financial reporting procedures and financial controls;

(8) to supervise the rectification of the issues in financial reports; to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and, if intend to publish, quarterly reports, and to review significant judgements on financial reporting contained therein. Before submitting the relevant statements and reports to the board of directors, the committee shall specifically review the following matters: (1) any changes in accounting policies, accounting estimate and practices; (2) significant judgments; (3) significant adjustments resulting from audit; (4) the going concern assumptions and any qualifications; (5) compliance with accounting standards; (6) compliance with the listing rules of the stock exchange where the shares of the Company are listed and legal provisions in relation to financial reporting; and (7) matters leading to a non-standard unqualified audit opinion audit report;

(9) regarding (8) above: (1) members of the committee shall liaise with the board of directors and senior management. The committee shall hold meeting with the external audit firm of the Company at least twice a year; and (2) the committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function and compliance officer of the Company or the external audit firm;

(10) examining the Company's financial controls, financial policies, risk management and internal control rules, and monitor and evaluate their effectiveness;

1. discussing with the management on and evaluating the effectiveness of financial control, internal control, and risk management rules, to ensure that the management has performed its duty to establish effective financial control, internal control, and risk management rules; the discussion shall cover the sufficiency of the seniority and experience of the Company's resources and employees in connection with accounting and financial reporting functions, and the adequacy of training courses received by the related employees and relevant budgets;

2. ensuring the coordination between the relevant departments responsible for the Company's risk control management and the external audit firm; ensuring that the relevant departments of the Company's risk control management have sufficient resources for operation and appropriate authority and status within the Company; examining and monitoring the efficiency of the relevant departments of the Company's risk control management;

3. to review the Letter of Explanation on Audit issued by the external audit firm, any significant issues raised by the auditors to the management in relation to the accounting records, financial accounts or control systems and the management's response;

4. to ensure that the Board will provide a timely response to the issues raised in the Letter of Explanation on Audit issued by external auditors to the management.

(11) confirm the list of related parties and review the Company's major related transactions and major investment activities such as acquisitions and mergers;

(12) ensuring the coordination between the Company's internal audit and the external audit firm; ensuring that the internal audit function has sufficient resources for operation and appropriate status within the Company; examining and monitoring its efficiency;

(13) supervising the employees' potential misconduct in financial reporting, internal monitoring, or that may otherwise occur; employees may use, in confidence, to raise concerns about potential improprieties in financial reporting, internal control or other matters. The committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(14) proactively, or as appointed by the Board, discussing the important investigation findings on risk management and internal controls matters and the response to the investigation findings and relevant countermeasures to be taken by the management; to review the financial and accounting policies and practices of the Company and its subsidiary;

(15) to exercise other powers conferred by the Board;

(16) reporting any matters in relation to any of the foregoing and discussing any other matters assigned by the Board;

(17) reporting to the Board on matters set forth in Corporate Governance Code. The Audit and Risk Committee Members and the external audit firm shall meet at least twice a year without the attendance of the executive Directors (unless invited by the Audit and Risk Committee).

(18) to assume other duties as delegated by the board of directors of the Company and as required by the laws, administrative regulations, departmental rules, regulatory documents, listing rules of the stock exchange where the shares of the Company are listed, including the authority and duties as stipulated in the relevant provisions of the Corporate Governance Code and the Articles of Association, and to study other topics defined by the board of directors.

Article 8 The following matters shall be submitted to the Board for deliberation with the approval by a majority of all Members of the Audit and Risk Committee:

(1) the disclosure of financial information and internal control evaluation reports in the financial accounting reports and regular reports;

(2) the appointment or dismissal of the accounting firm that undertakes the audit business of the Company;

(3) the appointment or dismissal of the Company's financial controller;

(4) to make changes in accounting policies and estimates or to correct significant accounting errors for reasons other than changes in accounting standards;

(5) other matters stipulated by laws, administrative regulations, the provisions of the CSRC, the regulatory rules of the securities regulatory authorities and stock exchanges where the Company's shares are listed, (such as the Stock Exchange and the Hong Kong Securities and Futures Commission) and the Articles of Association.

Article 9 The Audit and Risk Committee of the Company shall be responsible for selecting and engaging the accounting firm and supervising and evaluating the implementation of its audit work. The Audit and Risk Committee shall effectively perform the following duties:

(1) to set the policies, procedures and relevant internal control systems for the selection and engagement of the accounting firm in accordance with the authorization from the Board;

(2) to propose to launch the relevant work of selecting and engaging or replacing the accounting firm;

(3) to review the recruitment documents, determine the evaluation elements and specific scoring standards, and supervise the recruitment process;

(4) to put forward suggestion on the selection and engagement of the accounting firm, their terms of engagement and audit fees;

(5) to assess the independence, objectivity and professionalism of accounting firms as an external audit firm, in particular the impact of non-audit services provided by external audit firms on their independence;

(6) to supervise and evaluate the audit work of the accounting firm;

(7) to submit the evaluation report on performance of the accounting firm engaged and the report on fulfillment of supervisory duties by the Audit and Risk Committee to the Board periodically (at least annually);

(8) to be responsible for other matters related to the recruitment of accounting firms as authorised by laws and regulations, the Articles of Association and the Board.

Article 10 If necessary, the Audit and Risk Committee may engage an intermediary to give professional advice on its decision-making, and the reasonable expenses incurred shall be borne by the Company.

Article 11 The Audit and Risk Committee shall be accountable to the Board, and resolutions involving the scope of duties of the Audit and Risk Committee shall be considered and approved by the Audit and Risk Committee before being submitted to the Board for consideration.

Article 12 The chairman of the Audit and Risk Committee mainly exercises the following duties:

(1) to convene and preside over regular meetings of the Audit and Risk Committee;

(2) to convene ad hoc meetings of the Audit and Risk Committee under special circumstances;

(3) to supervise and check the implementation of the resolutions of the Audit and Risk Committee;

(4) other duties authorized by the Board and the Audit and Risk Committee.

Article 13 When the chairman of the Audit and Risk Committee is unable to perform his/her duties for any reason, he/she shall appoint another Member to act on his/her behalf.

Chapter 4 Rules of Procedure for the Audit and Risk Committee

Article 14 The meetings of the Audit and Risk Committee can be classified into regular meetings and ad hoc meetings. Regular meetings shall be convened at least once in each quarter, and ad hoc meetings shall be convened from time to time as required. In the event of any of the following circumstances, an ad hoc meeting shall be convened:

(1) when the Board considers it necessary;

(2) when the chairman of the Committee considers it necessary;

(3) when it is proposed by two or more Members.

Article 15 The notice of the meeting and meeting materials shall be notified to all Members three days prior to the date of the meeting. The notice of the meeting shall contain information on the form, time, venue, duration and agenda of the meeting, time of issuance of the notice and other relevant information, and the notification shall be made by hand delivery, post, e-mail or facsimile, etc. In case of emergency, if it is necessary to convene a meeting as soon as possible, notice of the meeting may be given by telephone or other verbal means at any time, but the chairman of the Committee shall give an explanation at the meeting.

Article 16 Upon receipt of the notice of the meeting, each Member shall provide confirmation and any relevant replies via proper means (including but not limited to confirmation of attendance or absence and his/her schedule) in a timely manner.

Article 17 Members of the Committee shall attend the meeting in person. If a Member is unable to attend the meeting in person for any reason, he/she may appoint another Member of the Committee in writing to attend the meeting on his/her behalf. If a Member fails to attend the meeting of the Committee in person or by proxy, he/she shall be deemed as having abstained from voting at such meeting.

Article 18 The Audit and Risk Committee meeting shall be presided over by the chairman of the Committee. If the chairman of the Committee is unable to preside over the meeting or fails to perform his/her duties, the meeting shall be presided over by another independent non-executive director Member delegated by him/her; or an independent non-executive director Member shall be elected by more than half of the attending Members to preside over the meeting.

Article 19 The quorum of the Audit and Risk Committee meeting shall be two-thirds or above of the Members of the Committee. Each Member is entitled to one vote. Resolutions passed at such meeting should be approved by more than half of all Members.

Article 20 Voting on the Audit and Risk Committee meetings may be conducted by open ballot. Voting may also be conducted by means of correspondence and resolutions may be made with Members present affixing their signatures thereon, provided that the attending Members can fully express their opinions.

Article 21 The Audit and Risk Committee meeting may be convened by onsite meeting, telephone conference, video conference, circulation of documents, facsimile, mail or any other appropriate means.

Article 22 The Secretary of the Board shall attend the Audit and Risk Committee Meeting as non-voting delegates, when necessary, other directors and members of the senior management or members of the audit team may be invited to attend the meeting as non-voting delegates. However, non-members have no right to vote on the resolutions of the meeting.

Article 23 If necessary, the Audit and Risk Committee may engage an intermediary to give professional advice on its decision-making at the Company's expense.

Article 24 When a Member of the Audit and Risk Committee has a direct or indirect interest in a topic under discussion at a meeting, the Member shall recuse himself/herself from voting.

Article 25 The convening procedures for, the voting methods of the Audit and Risk Committee meetings, and the resolutions passed at the meetings shall comply with relevant laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory rules at the place where the Company's shares are listed, the Articles of Association and the Rules.

Article 26 The Audit and Risk Committee shall keep minutes of its meetings, and the Members attending the meetings and the minutes taker shall endorse such minutes by signature; and the minutes of the meetings shall be kept by the secretary of the Board of the Company for the record for a period of no less than 10 years.

Article 27 The resolutions adopted at the meeting of the Audit and Risk Committee and the voting results thereof shall be submitted to the Board of the Company in writing.

Article 28 Members attending the meeting and other attendees shall be obliged to keep confidential any of the matters discussed at the meeting, and shall not disclose relevant information without authorization.

Chapter 5 Supplementary Provisions

Article 29 Any matters not covered herein shall be handled in accordance with the laws, administrative regulations, departmental rules, regulatory documents, Listing Rules, the regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed, and the provisions of the Articles of Association in light of the actual situation of the Company. If the Rules are in conflict with the laws, administrative regulations, departmental rules, regulatory documents, Listing Rules, the regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed, and the provisions of the Articles of Association promulgated from time to time, such laws, administrative regulations, departmental rules, regulatory documents, Listing Rules, the regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed, and the provisions of the Articles of Association shall prevail.

Article 30 The terms "above", "within" or "below", as stated herein shall all include the given figure; and the terms "less than", "beyond", "lower than", "more than", and "exceed" shall all exclude the given figure.

Article 31 The Board of the Company shall be responsible for the interpretation of the Rules.

Article 32 The Rules shall take effect upon consideration and approval by the Board of the Company.